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SEP 28 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

September 28, 1994

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: Ex Parte Presentation in
MM Docket No. 92-265

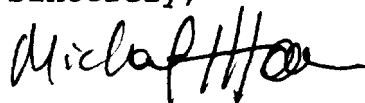
Dear Mr. Caton:

Carol Melton, Vice President Law and Public Policy, Time Warner Cable, and myself met today with Jill Lockett and Rhonda Lien of Commissioner Chong's office on behalf of Home Box Office in connection with the above-referenced proceeding.

In the course of this meeting, we discussed matters relating to the Commission's reconsideration of its program access rules.

The attached letter was distributed at this meeting and is submitted herewith for inclusion in the public record.

Sincerely,



Michael H. Hammer
Counsel for Home Box Office

cc: Jill Lockett
Rhonda Lien

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Larry P. Carlson
President
HBO Satellite Services

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

September 12, 1994

Dear NRTC Affiliate:

HBO's mission since its inception has been to provide its programming services to every television household in America. The commencement of DBS delivery this past year represents an exciting and historical opportunity for HBO to expand the reach of its services in pursuit of that goal. It also presents an opportunity for you to participate in the distribution of the HBO and Cinemax services and, in doing so, to increase the attractiveness of your DBS business to your existing and potential customers.

Much has been reported about HBO's distribution plans in DBS and particularly about our affiliation with Hubbard Broadcasting's USSB. Since much of what has been said on this topic has been erroneous, we want to set the record straight. We also want to let you know that under USSB's open retail policy you have the opportunity to participate in the distribution of USSB's package of services (including HBO and Cinemax)--an opportunity that we encourage you to explore--and to assure you that under no circumstances will your DBS customers be denied the ability to obtain the HBO services.

First, some background on our affiliation with USSB. USSB and DirecTV approached HBO simultaneously about affiliation agreements. DirecTV proposed carrying a single channel of HBO and granting the NRTC exclusive retail distribution rights within its territories. USSB, on the other hand, was eager to carry all eight multiplex feeds of our services and agreed to aggressively market and distribute them through multiple distributors. USSB, however, with more limited transponder capacity on the Hughes' satellite, felt compelled to differentiate its product offering from that of DirecTV. In recognition of that need, and in exchange for USSB's agreement to aggressively market our services, HBO agreed to grant USSB limited exclusivity for our services in the 101° west longitude position. After evaluating the USSB and DirecTV proposals, we felt the USSB proposal would prove far more beneficial to HBO and would create a more competitive retail environment for our services.

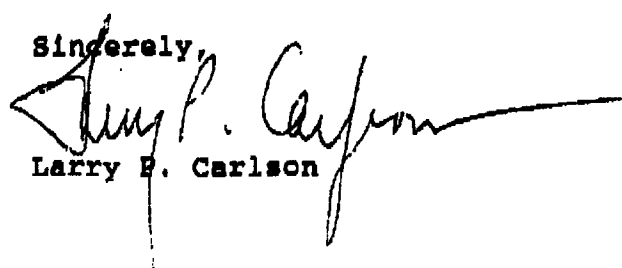
Home Box Office
A Time Warner Entertainment Company
1100 Avenue of the Americas, New York, NY 10036-6737 (212) 512-1157

Second, there is neither anything in our agreement with USSB nor any technological impediment that prevents you from offering, and your customers from receiving, the HBO and Cinemax services.

- USSB has publicly stated that it wishes to have multiple retailers of its packages in every region in the country and has already extended an invitation to NRTC members to become affiliated distributors. We understand that some NRTC members have already agreed to offer the USSB package. To the extent the NRTC's agreement with DirectTV permits you to do so, we encourage you to take advantage of this opportunity to expand the number of services offered to your customers. If you are interested in better serving your customers and profiting from the USSB package of services (which includes HBO and Cinemax), please contact USSB at 800-898-USSB or call Stanley Hubbard directly at 612-642-4250.
- Moreover, since DirectTV/NRTC households as well as USSB households are employing the same equipment, the consumer (regardless of where they bought their DSS system) will have full access to all our multiple services. All eight channels of the HBO and Cinemax services are readily available to your DSS customers who may call 1-800-204-USSB and order HBO and/or Cinemax either in a package or a la carte.

The beauty of the DSS system is that it provides consumers with an enormous amount of choice and, with the launch of the second satellite at the 101° orbital location, DSS customers will have even more to choose from. It is HBO's goal to make its services available to as many of these customers as possible, and we believe that, by offering your customers the widest array of choices possible, everyone stands to benefit.

Sincerely,



Larry P. Carlson

cc: Stanley E. Hubbard
B. R. Phillips, III